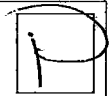


**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY



SW-03709A  
Picacho Sewer Company  
9532 E. Riggs Rd  
Sun Lakes, AZ 85248

**RECEIVED**

MAY 15 2007

AZ CORP COMM  
Director Utilities

**ANNUAL REPORT**

**FOR YEAR ENDING**

|    |    |      |
|----|----|------|
| 12 | 31 | 2006 |
|----|----|------|

FOR COMMISSION USE

|       |    |
|-------|----|
| ANN05 | 06 |
|-------|----|

5-16-07

## COMPANY INFORMATION

|   |  |   |
|---|--|---|
| Company Name (Business Name) <u>Picacho Sewer Company</u>               |  |   |
| Mailing Address <u>9532 E Riggs Road</u>                                |  |   |
| <u>Sun Lakes</u><br>(City)  | <u>AZ</u><br>(State)                                 | <u>85248</u><br>(Zip)                                       |
| <u>(480) 895-9200</u><br>Telephone No. (Include Area Code)              | <u>(480) 895-4347</u><br>Fax No. (Include Area Code) | <br>Pager/Cell No. (Include Area Code)                      |
| Email Address _____   |  |   |
| Local Office Mailing Address <u>24607 S. Price Road</u>                 |  |   |
| <u>Sun Lakes</u><br>(City)  | <u>AZ</u><br>(State)                                 | <u>85248</u><br>(Zip)                                       |
| <u>(480) 895-9200</u><br>Local Office Telephone No. (Include Area Code) | <u>(480) 802-9463</u><br>Fax No. (Include Area Code) | <u>(602) 757-1548</u><br>Pager/Cell No. (Include Area Code) |
| Email Address _____   |  |   |

## MANAGEMENT INFORMATION

|  |  |   |                        |
|--|--|---|------------------------|
| Management Contact: <u>James Poulos</u>                    |  |   | <u>General Manager</u> |
| (Name)   |  |   | (Title)                |
| <u>9532 E. Riggs Road</u><br>(Street)                      | <u>Sun Lakes</u><br>(City)                           | <u>AZ</u><br>(State)  | <u>85248</u><br>(Zip)  |
| <u>(480) 895-9200</u><br>Telephone No. (Include Area Code) | <u>(480) 895-4347</u><br>Fax No. (Include Area Code) | <br>Pager/Cell No. (Include Area Code)                      |                        |
| Email Address _____  |  |   |                        |
| On Site Manager: <u>Dave Voorhees</u>                      |  |   |                        |
| (Name)   |  |   |                        |
| <u>24607 S. Price Road</u><br>(Street)                     | <u>Sun Lakes</u><br>(City)                           | <u>AZ</u><br>(State)  | <u>85248</u><br>(Zip)  |
| <u>(480) 895-5009</u><br>Telephone No. (Include Area Code) | <u>(480) 802-9463</u><br>Fax No. (Include Area Code) | <u>(602) 757-1548</u><br>Pager/Cell No. (Include Area Code) |                        |
| Email Address _____  |  |   |                        |

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

|  |                  |                             |              |
|--|------------------|-----------------------------|--------------|
| <b>Statutory Agent:</b> <u>James Hubbard</u> |                  |                             |              |
| (Name)                                       |                  |                             |              |
| <u>9532 E. Riggs Rd</u>                      | <u>Sun Lakes</u> | <u>AZ</u>                   | <u>85248</u> |
| (Street)                                     | (City)           | (State)                     | (Zip)        |
| <u>(480) 895-9200</u>                        |                  |                             |              |
| Telephone No. (Include Area Code)            |                  | Fax No. (Include Area Code) |              |
| Pager/Cell No. (Include Area Code)           |                  |                             |              |
| <b>Attorney:</b> <u>Marty Aranson</u>        |                  |                             |              |
| (Name)                                       |                  |                             |              |
| <u>One E. Camelback Rd</u>                   | <u>Phoenix</u>   | <u>AZ</u>                   | <u>85012</u> |
| (Street)                                     | (City)           | (State)                     | (Zip)        |
| <u>(602) 263-2972</u>                        |                  |                             |              |
| Telephone No. (Include Area Code)            |                  | Fax No. (Include Area Code) |              |
| Pager/Cell No. (Include Area Code)           |                  |                             |              |

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

- |   |  |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S)    | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P)        | <input type="checkbox"/> Subchapter S Corporation (Z)                                |
| <input type="checkbox"/> Bankruptcy (B)         | <input type="checkbox"/> Association/Co-op (A)                                       |
| <input type="checkbox"/> Receivership (R)       | <input type="checkbox"/> Limited Liability Company                                   |
| <input type="checkbox"/> Other (Describe) _____ |  |

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- |                                     |                                   |   |
|-------------------------------------|-----------------------------------|---|
| <input type="checkbox"/> APACHE     | <input type="checkbox"/> COCHISE  | <input type="checkbox"/> COCONINO         |
| <input type="checkbox"/> GILA       | <input type="checkbox"/> GRAHAM   | <input type="checkbox"/> GREENLEE         |
| <input type="checkbox"/> LA PAZ     | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE           |
| <input type="checkbox"/> NAVAJO     | <input type="checkbox"/> PIMA     | <input checked="" type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI  | <input type="checkbox"/> YUMA             |
| <input type="checkbox"/> STATEWIDE  |                                   |   |

COMPANY NAME *Picacho Sewer Company*

**UTILITY PLANT IN SERVICE**

| Acct.<br>No. | DESCRIPTION                     | Original<br>Cost<br>(OC) | Accumulated<br>Depreciation<br>(AD) | O.C.L.D.<br>(OC less AD) |
|--------------|---------------------------------|--------------------------|-------------------------------------|--------------------------|
| 351          | Organization                    |                          |                                     |                          |
| 352          | Franchises                      |                          |                                     |                          |
| 353          | Land and Land Rights            |                          |                                     |                          |
| 354          | Structures and Improvements     | 55,274                   | 1,474                               | 53,800                   |
| 355          | Power Generation Equipment      |                          |                                     |                          |
| 360          | Collection Sewers – Force       |                          |                                     |                          |
| 361          | Collection Sewers – Gravity     |                          |                                     |                          |
| 362          | Special Collecting Structures   |                          |                                     |                          |
| 363          | Services to Customers           |                          |                                     |                          |
| 364          | Flow Measuring Devices          | 6,257                    | 167                                 | 6,090                    |
| 365          | Flow Measuring Installations    |                          |                                     |                          |
| 370          | Receiving Wells                 |                          |                                     |                          |
| 380          | Treatment and Disposal Equip.   | 2,715,245                | 72,246                              | 2,642,999                |
| 381          | Plant Sewers                    |                          |                                     |                          |
| 382          | Outfall Sewer Lines             |                          |                                     |                          |
| 389          | Other Plant and Misc. Equipment | 50,000                   | 2,000                               | 48,000                   |
| 390          | Office Furniture and Equipment  |                          |                                     |                          |
| 391          | Transportation Equipment        | 71,887                   | 2,876                               | 69,011                   |
| 393          | Tools, Shop and Garage Equip.   |                          |                                     |                          |
| 394          | Laboratory Equipment            |                          |                                     |                          |
| 395          | Power Operated Equipment        |                          |                                     |                          |
| 398          | Other Tangible Plant            |                          |                                     |                          |
|              | <b>TOTALS</b>                   | <b>2,898,663</b>         | <b>78,763</b>                       | <b>2,819,900</b>         |

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

Picacho Sewer Company

**CALCULATION OF DEPRECIATION EXPENSE**

| Acct.<br>No. | DESCRIPTION                     | Original<br>Cost (1) | Depreciation<br>Percentage<br>(2) | Depreciation<br>Expense (1x2) |
|--------------|---------------------------------|----------------------|-----------------------------------|-------------------------------|
| 351          | Organization                    |                      |                                   |                               |
| 352          | Franchises                      |                      |                                   |                               |
| 353          | Land and Land Rights            |                      |                                   |                               |
| 354          | Structures and Improvements     | 55,274               | 2.67                              | 1,474                         |
| 355          | Power Generation Equipment      |                      |                                   |                               |
| 360          | Collection Sewers – Force       |                      |                                   |                               |
| 361          | Collection Sewers – Gravity     |                      |                                   |                               |
| 362          | Special Collecting Structures   |                      |                                   |                               |
| 363          | Services to Customers           |                      |                                   |                               |
| 364          | Flow Measuring Devices          | 6,257                | 2.67                              | 167                           |
| 365          | Flow Measuring Installations    |                      |                                   |                               |
| 370          | Receiving Wells                 |                      |                                   |                               |
| 380          | Treatment and Disposal Equip.   | 2,715,245            | 2.66                              | 72,247                        |
| 381          | Plant Sewers                    |                      |                                   |                               |
| 382          | Outfall Sewer Lines             |                      |                                   |                               |
| 389          | Other Plant and Misc. Equipment | 50,000               | 4.00                              | 2,000                         |
| 390          | Office Furniture and Equipment  |                      |                                   |                               |
| 391          | Transportation Equipment        | 71,867               | 4.00                              | 2,876                         |
| 393          | Tools, Shop and Garage Equip.   |                      |                                   |                               |
| 394          | Laboratory Equipment            |                      |                                   |                               |
| 395          | Power Operated Equipment        |                      |                                   |                               |
| 398          | Other Tangible Plant            |                      |                                   |                               |
|              | <b>TOTALS</b>                   | <b>2,898,663</b>     | <b>2.72</b>                       | <b>78,764</b>                 |

This amount goes on the Comparative Statement of Income and Expense Acct. 403

COMPANY NAME *Picacho Sewer Company*

**BALANCE SHEET**

| Acct<br>No. | ASSETS                                      | BALANCE AT<br>BEGINNING OF<br>TEST YEAR | BALANCE AT<br>END OF<br>YEAR |
|-------------|---|---|------------------------------|
|             | <b>CURRENT AND ACCRUED ASSETS</b>           |   |                              |
| 131         | Cash  | \$                                      | \$ 10,960                    |
| 132         | Special Deposits                            |   |                              |
| 135         | Temporary Cash Investments                  |   |                              |
| 141         | Customer Accounts Receivable                |   | 6,312                        |
| 146         | Notes/Receivables from Associated Companies |   |                              |
| 151         | Plant Material and Supplies                 |   |                              |
| 162         | Prepayments                                 |   |                              |
| 174         | Miscellaneous Current and Accrued Assets    |   | 40,744                       |
|             | <b>TOTAL CURRENT AND ACCRUED ASSETS</b>     | \$                                      | \$ 58,016                    |
|             | <b>FIXED ASSETS</b>                         |   |                              |
| 101         | Utility Plant in Service                    | \$                                      | \$ 2,898,663                 |
| 103         | Property Held for Future Use                |   |                              |
| 105         | Construction Work in Progress               |   |                              |
| 108         | Accumulated Depreciation – Utility Plant    |   | (78,763)                     |
| 121         | Non-Utility Property                        |   |                              |
| 122         | Accumulated Depreciation – Non Utility      |   |                              |
|             | <b>TOTAL FIXED ASSETS</b>                   | \$                                      | \$ 2,819,900                 |
|             | <b>TOTAL ASSETS</b>                         | \$ $\phi$                               | \$ 2,877,916                 |

NOTE: Total Assets on this page should equal **Total Liabilities and Capital** on the following page.

COMPANY NAME Picacho Sewer Company

**BALANCE SHEET (CONTINUED)**

| Acct<br>No. | LIABILITIES                                       | BALANCE AT<br>BEGINNING OF<br>TEST YEAR | BALANCE AT<br>END OF<br>YEAR |
|-------------|---|---|------------------------------|
|             | <b>CURRENT LIABILITIES</b>                        |   |                              |
| 231         | Accounts Payable                                  | \$                                      | \$ 8,072                     |
| 232         | Notes Payable (Current Portion)                   |   |                              |
| 234         | Notes/Accounts Payable to Associated Companies    |   | 269,264                      |
| 235         | Customer Deposits                                 |   |                              |
| 236         | Accrued Taxes                                     |   | 7                            |
| 237         | Accrued Interest                                  |   |                              |
| 241         | Miscellaneous Current and Accrued Liabilities     |   |                              |
|             | <b>TOTAL CURRENT LIABILITIES</b>                  | \$                                      | \$ 277,343                   |
|             | <b>LONG-TERM DEBT (Over 12 Months)</b>            |   |                              |
| 224         | Long-Term Notes and Bonds                         | \$                                      | \$                           |
|             | <b>DEFERRED CREDITS</b>                           |   |                              |
| 252         | Advances in Aid of Construction                   | \$                                      | \$                           |
| 253         | Other Deferred Credits                            |   |                              |
| 255         | Accumulated Deferred Investment Tax Credits       |   |                              |
| 271         | Contributions in Aid of Construction              |   |                              |
| 272         | Less: Amortization of Contributions               |   |                              |
| 281         | Accumulated Deferred Income Tax                   |   |                              |
|             | <b>TOTAL DEFERRED CREDITS</b>                     | \$                                      | \$                           |
|             | <b>TOTAL LIABILITIES</b>                          | \$                                      | \$ 277,343                   |
|             | <b>CAPITAL ACCOUNTS</b>                           |   |                              |
| 201         | Common Stock Issued                               | \$                                      | \$                           |
| 211         | Other Paid in Capital                             |   | 2,750,000                    |
| 215         | Retained Earnings                                 |   | (149,427)                    |
| 218         | Proprietary Capital (Sole Props and Partnerships) |   |                              |
|             | <b>TOTAL CAPITAL</b>                              | \$                                      | \$ 2,600,573                 |
|             | <b>TOTAL LIABILITIES AND CAPITAL</b>              | \$ $\phi$                               | \$ 2,877,916                 |

COMPANY NAME *Picacho Sewer Company*

**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

| Acct. No. | OPERATING REVENUES                  | PRIOR YEAR | CURRENT YEAR |
|-----------|-------------------------------------|------------|--------------|
| 521       | Flat Rate Revenues                  | \$         | \$ 28,989    |
| 522       | Measured Revenues                   |            |              |
| 536       | Other Wastewater Revenues           |            | 3,900        |
|           | <b>TOTAL REVENUES</b>               | \$         | \$ 32,889    |
|           |                                     |            |              |
|           | <b>OPERATING EXPENSES</b>           |            |              |
| 701       | Salaries and Wages                  | \$         | \$ 33,765    |
| 710       | Purchased Wastewater Treatment      |            |              |
| 711       | Sludge Removal Expense              |            |              |
| 715       | Purchased Power                     |            | 8,537        |
| 716       | Fuel for Power Production           |            |              |
| 718       | Chemicals                           |            |              |
| 720       | Materials and Supplies              |            | 42,427       |
| 731       | Contractual Services – Professional |            | 700          |
| 735       | Contractual Services – Testing      |            | 12,135       |
| 736       | Contractual Services – Other        |            |              |
| 740       | Rents                               |            |              |
| 750       | Transportation Expense              |            |              |
| 755       | Insurance Expense                   |            | 17,819       |
| 765       | Regulatory Commission Expense       |            |              |
| 775       | Miscellaneous Expense               |            | 8,115        |
| 403       | Depreciation Expense                |            | 78,764       |
| 408       | Taxes Other Than Income             |            |              |
| 408.11    | Property Taxes                      |            |              |
| 409       | Income Taxes                        |            | (40,744)     |
|           | <b>TOTAL OPERATING EXPENSES</b>     | \$         | \$ 161,518   |
|           |                                     |            |              |
|           | <b>OTHER INCOME/EXPENSE</b>         |            |              |
| 419       | Interest and Dividend Income        | \$         | \$           |
| 421       | Non-Utility Income                  |            | 93           |
| 426       | Miscellaneous Non-Utility Expenses  |            |              |
| 427       | Interest Expense                    |            | (20,891)     |
|           | <b>TOTAL OTHER INCOME/EXPENSE</b>   | \$         | \$ (20,798)  |
|           |                                     |            |              |
|           | <b>NET INCOME/(LOSS)</b>            | \$         | \$ (149,427) |



|              |
|--------------|
| COMPANY NAME |
|--------------|

**SUPPLEMENTAL FINANCIAL DATA**  
**Long-Term Debt**

|                        | LOAN #1 | LOAN #2 | LOAN #3 | LOAN #4 |
|------------------------|---------|---------|---------|---------|
| Date Issued            |         |         |         |         |
| Source of Loan         |         |         |         |         |
| ACC Decision No.       |         |         |         |         |
| Reason for Loan        |         |         |         |         |
| Dollar Amount Issued   | \$      | \$      | \$      | \$      |
| Amount Outstanding     | \$      | \$      | \$      | \$      |
| Date of Maturity       |         |         |         |         |
| Interest Rate          | %       | %       | %       | %       |
| Current Year Interest  | \$      | \$      | \$      | \$      |
| Current Year Principle | \$      | \$      | \$      | \$      |

COMPANY NAME Picacho Sewer Company

**WASTEWATER COMPANY PLANT DESCRIPTION**

**TREATMENT FACILITY**

|   |   |
|---|---|
| <b>TYPE OF TREATMENT</b><br>(Extended Aeration, Step Aeration, Oxidation Ditch, Aerobic Lagoon, Anaerobic Lagoon, Trickling Filter, Septic Tank, Wetland, Etc.) | <u>Sequential Batch Reactor, Activated Sludge Process</u> |
| <b>DESIGN CAPACITY OF PLANT</b><br>(Gallons Per Day)  | <u>250,000 GPD</u>  |

**LIFT STATION FACILITIES**

| Location                   | Quantity of Pumps | Horsepower Per Pump | Capacity Per Pump (GPM) | Wet Well Capacity (gals) |
|----------------------------|-------------------|---------------------|-------------------------|--------------------------|
| <u>7135 S. Robson Blvd</u> | <u>2</u>          | <u>15</u>           | <u>600</u>              | <u>12,566</u>            |
| <u>5751 N. Robson Blvd</u> | <u>2</u>          | <u>10</u>           | <u>300</u>              | <u>10,376</u>            |
|                            |                   |                     |                         |                          |
|                            |                   |                     |                         |                          |
|                            |                   |                     |                         |                          |
|                            |                   |                     |                         |                          |

**FORCE MAINS**

| Size          | Material       | Length (Feet) |
|---------------|----------------|---------------|
| <u>4-inch</u> |                |               |
| <u>6-inch</u> | <u>Plastic</u> | <u>34</u>     |
| <u>8-inch</u> | <u>Plastic</u> | <u>2,802</u>  |
|               |                |               |

**MANHOLES**

| Type            | Quantity   |
|-----------------|------------|
| <u>Standard</u> | <u>184</u> |
| <u>Drop</u>     |            |
|                 |            |

**CLEANOUTS**

| Quantity |
|----------|
| <u>3</u> |
|          |
|          |

COMPANY NAME *Picacho Sewer Company*

**WASTEWATER COMPANY PLANT DESCRIPTION (CONTINUED)**

**COLLECTION MAINS**

| Size<br>(in inches) | Material       | Length<br>(in feet) |
|---------------------|----------------|---------------------|
| 4                   | <i>PLastic</i> | <i>16,434</i>       |
| 6                   |                |                     |
| 8                   | <i>PLastic</i> | <i>43,975</i>       |
| 10                  | <i>PLastic</i> | <i>1,333</i>        |
| 12                  | <i>PLastic</i> | <i>172</i>          |
| 15                  | <i>PLastic</i> | <i>6,164</i>        |
| 18                  | <i>PLastic</i> | <i>562</i>          |
| 21                  |                |                     |
| 24                  |                |                     |
| 30                  |                |                     |
|                     |                |                     |

**SERVICES**

| Size<br>(in inches) | Material       | Quantity   |
|---------------------|----------------|------------|
| 4                   | <i>PLastic</i> | <i>929</i> |
| 6                   |                |            |
| 8                   |                |            |
| 12                  |                |            |
| 15                  |                |            |
|                     |                |            |
|                     |                |            |
|                     |                |            |
|                     |                |            |
|                     |                |            |

**FOR THE FOLLOWING FIVE ITEMS, LIST THE UTILITY OWNED ASSETS IN EACH CATEGORY**

|   |   |
|---|---|
| <b>SOLIDS PROCESSING AND HANDLING FACILITIES</b>  | <i>Digester + Solids Handling to Production facility</i>    |
| <b>DISINFECTION EQUIPMENT</b> (Chlorinator, Ultra-Violet, Etc.)                         | <i>ULTRA-VIOLET</i>   |
| <b>FILTRATION EQUIPMENT</b><br>(Rapid Sand, Slow Sand, Activated Carbon, Etc.)          | <i>Dual media filter</i>                                    |
| <b>STRUCTURES</b><br>(Buildings, Fences, Etc.)  | <i>Office Building, Electrical Building, 1,450 ft fence</i> |
| <b>OTHER</b><br>(Laboratory Equipment, Tools, Vehicles, Standby Power Generators, Etc.) | <i>1978 Chevy pickup, 80KW/30KW/547KW Generators</i>        |

COMPANY NAME Picacho Sewer Company

### WASTEWATER FLOWS

| MONTH/YEAR<br>(Most Recent 12 Months) | NUMBER OF<br>SERVICES | TOTAL MONTHLY<br>SEWAGE FLOW | SEWAGE FLOW ON<br>PEAK DAY |
|---------------------------------------|-----------------------|------------------------------|----------------------------|
| Jan - 06                              | 25                    | 60,000                       | Ø                          |
| Feb - 06                              | 27                    | 81,500                       | Ø                          |
| Mar - 06                              | 31                    | 132,000                      | Ø                          |
| Apr - 06                              | 42                    | 85,000                       | Ø                          |
| May - 06                              | 56                    | 98,000                       | Ø                          |
| Jun - 06                              | 64                    | 96,000                       | Ø                          |
| Jul - 06                              | 74                    | 78,000                       | Ø                          |
| Aug - 06                              | 84                    | 150,000                      | Ø                          |
| Sep - 06                              | 97                    | 148,000                      | Ø                          |
| Oct - 06                              | 113                   | 206,000                      | Ø                          |
| Nov - 06                              | 127                   | 204,000                      | Ø                          |
| Dec - 06                              | 147                   | 205,000                      | Ø                          |

### PROVIDE THE FOLLOWING INFORMATION AS APPLICABLE

|  |                |
|--|----------------|
| Method of Effluent Disposal<br>(leach field, surface water discharge, reuse, injection wells, groundwater recharge, evaporation ponds, etc.) | NO FLOW        |
| Wastewater Inventory Number<br>(all wastewater systems are assigned an inventory number)   |                |
| Groundwater Permit Number  | 56-0013530000  |
| ADEQ Aquifer Protection Permit Number  | APD # P-103890 |
| ADEQ Reuse Permit Number   | N/A            |
| EPA NPDES Permit Number  | N/A            |

## STATISTICAL INFORMATION

Total number of customers 147

Total number of gallons treated 1,543,000 gallons

COMPANY NAME Picacho Sewer Company YEAR ENDING 12/31/2006

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2006 was: \$ Ø

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. No Value assigned in 2006 by Central  
Valued Properties

COMPANY NAME Picacho Sewer Company YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported (177,335)  
Estimated or Actual Federal Tax Liability Ø

State Taxable Income Reported (177,335)  
Estimated or Actual State Tax Liability (11,876)

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances Ø  
Amount of Gross-Up Tax Collected Ø  
Total Grossed-Up Contributions/Advances Ø

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

  
SIGNATURE

5/15/07  
DATE

James Poulos  
PRINTED NAME

General Manager  
TITLE

**VERIFICATION  
AND  
SWORN STATEMENT**  
Taxes

**RECEIVED**

APR 27 2007

AZ CORP COMM  
Director Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

|                                |   |
|--------------------------------|---|
| COUNTY OF (COUNTY NAME)        | <u>Maricopa</u>                         |
| NAME (OWNER OR OFFICIAL) TITLE | <u>James L Poulos - General Manager</u> |
| COMPANY NAME                   | <u>Picacho Sewer Company</u>            |

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

|           |           |             |
|-----------|-----------|-------------|
| MONTH     | DAY       | YEAR        |
| <u>12</u> | <u>31</u> | <u>2006</u> |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



SIGNATURE OF OWNER OR OFFICIAL

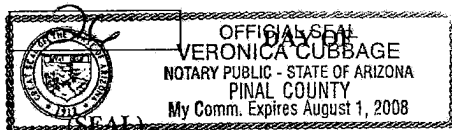
(480) 895 - 9200

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



|             |              |
|-------------|--------------|
| COUNTY NAME | <u>Pinal</u> |
| MONTH       | <u>April</u> |
|             | <u>20 07</u> |

Veronica Cubbage

SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 8/1/08



**VERIFICATION  
AND  
SWORN STATEMENT**  
Intrastate Revenues Only

**RECEIVED**

APR 27 2007

**VERIFICATION**

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

|                                |   |
|--------------------------------|---|
| COUNTY OF (COUNTY NAME)        | <u>Maricopa</u>                         |
| NAME (OWNER OR OFFICIAL) TITLE | <u>James L Poulos - General Manager</u> |
| COMPANY NAME                   | <u>Picacho Sewer Company</u>            |

**AZ CORP COMM**  
**Director Utilities**

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

|           |           |             |
|-----------|-----------|-------------|
| MONTH     | DAY       | YEAR        |
| <u>12</u> | <u>31</u> | <u>2006</u> |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 32,982

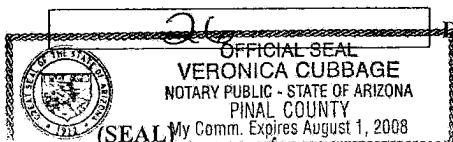
(THE AMOUNT IN BOX ABOVE  
INCLUDES \$ 0  
IN SALES TAXES BILLED, OR COLLECTED)

**\*\*REVENUE REPORTED ON THIS PAGE MUST  
INCLUDE SALES TAXES BILLED OR  
COLLECTED. IF FOR ANY OTHER REASON,  
THE REVENUE REPORTED ABOVE DOES NOT  
AGREE WITH TOTAL OPERATING REVENUES  
ELSEWHERE REPORTED, ATTACH THOSE  
STATEMENTS THAT RECONCILE THE  
DIFFERENCE. (EXPLAIN IN DETAIL)**

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



DAY OF

|             |                             |
|-------------|-----------------------------|
| COUNTY NAME | <u>Pinal</u>                |
| MONTH       | <u>April</u> , 20 <u>07</u> |

Veronica Cubbage  
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 8/1/08

VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY

RECEIVED

APR 27 2007

AZ CORP COMM  
Director Utilities

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

|   |                              |
|---|------------------------------|
| COUNTY OF (COUNTY NAME) <u>Maricopa</u>         |                              |
| NAME (OWNER OR OFFICIAL) <u>James L. Pombas</u> | TITLE <u>General Manager</u> |
| COMPANY NAME <u>Picacho Sewer Company</u>       |                              |

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

|       |     |      |
|-------|-----|------|
| MONTH | DAY | YEAR |
| 12    | 31  | 2006 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 29,529

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 0  
IN SALES TAXES BILLED, OR COLLECTED

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

X

SIGNATURE OF OWNER OR OFFICIAL

(480) 895-9200

TELEPHONE NUMBER

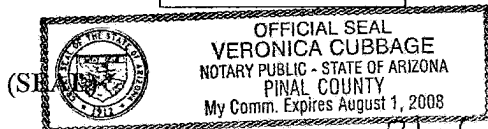
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

26

DAY OF



MY COMMISSION EXPIRES 8/1/08

|  |                  |
|--|------------------|
| NOTARY PUBLIC NAME <u>Veronica Cabbage</u> |                  |
| COUNTY NAME <u>Pinal</u>                   |                  |
| MONTH <u>April</u>                         | YEAR <u>2007</u> |

X Veronica Cabbage

SIGNATURE OF NOTARY PUBLIC